

## **INSTRUCTIONS FOR BUDGET AND BUDGET NARRATIVE**

You must submit a budget narrative/justification for all planned expenditures for each of the budget items. **It is perhaps the single most important element of your budget.** The following guidelines can be used for preparing the narrative. The more detail you provide, the easier it will be for the proposal reviewers.

**1. Personnel** - For every position listed under this section, please attach a job description, resume, a brief description of his/her role in the proposed program, the number of pay periods (hourly, weekly, bi-weekly, bi-monthly, etc.) the position requires, and the percentage charged to this funding source. The type of pay period listed must match your agency's payroll system and supporting documentation.

**2. Fringe Benefits** - List all components of the fringe benefits rate, breaking it down by components, percentage rates and amounts. Examples of components are FICA, Medicare, Unemployment, Health Insurance, Retirement, etc.

**3. Travel** - Examples of local travel justifications include the number/types of MBTA passes, MBTA tokens, number of trips/cost per trip and trip destinations. The IRS approved business mileage rate for Calendar Year 2015 is 56.60 cents per mile. For other travel, particularly if outside the program service area, you must clearly describe the need and cost detail

**4. Supplies** - Supplies are those items considered tangible, expendable, personal property. Examples include general office supplies, postage costs, meeting costs/supplies, copies, printing costs and materials. Purchased materials and supplies shall be charged at their actual prices, net of applicable credits. Withdrawals from existing inventory should be charged at their actual net cost under any recognized method of pricing inventory. Care should be taken to identify those supplies **directly tied to the program.**

- Program Supplies: What will be purchased, total estimated cost, unit price and quantity?
- How does it relate to the program?
- General Supplies: What will be purchased, total estimated cost, unit price and quantity?
- Printing: What will be printed? How many and for what cost?
- Postage: What and how many will be mailed at what cost?
- Office Supplies: What items will be purchased, and why? Total estimated cost, unit cost, quantity, and connection to the program?

**A NOTE ON EQUIPMENT:** The Federal definition of equipment is tangible, non-expendable, personal property having a useful life of over one year and an acquisition cost of \$5,000 or more per unit. **AS DEFINED, EQUIPMENT IS NOT ALLOWED UNDER THIS RFP.** If you propose purchasing **ANY** item of equipment under \$5,000, include it in this category and clearly explain how it will be necessary

for the proposed program. It must be used for project related functions, and must not otherwise be available to the applicant. A plan for the use or disposal of the equipment after the project ends must also be included in the justification.

## **5. Contractual**

Generally, this category is for all non-employees for services or products, and consultants who provide advice and expertise in a specific program area. Your justification should include the total cost, the name of the individuals/organizations, the services or goods being provided, the rate or per diem, etc., and the relation to the program. If your proposal includes a subcontractor providing a substantial amount of the program services, then detailed supporting information and justification must be provided.

## **6. Other**

Any expenses not covered in any of the previous budget categories should be included here. Examples of items include occupancy costs, the lease or rental of equipment, maintenance costs, security costs, telephone costs, dues, subscriptions, utilities, insurance costs not included in the fringe benefits, and where applicable, indirect costs. Justification examples include:

- Rent: How was the rent cost determined, i.e., square footage, proportionate to the amount of space occupied by program, etc.?
- Utilities: How were the utility costs estimated, i.e., square footage, proportionate to the amount of space used by the program, etc.?
- Security: What type of security is being purchased, for how long, for what program activities?
- Maintenance: How was the maintenance cost determined, i.e., square footage, proportionate to the amount of space used by the program, etc.?
- Insurance: What kind of insurance, at what cost, for what period, covering what activities?
- Miscellaneous: What, why, and at what cost?

### **6a. Indirect**

Indirect charges may be requested, and if the applicant has a federally-approved rate, a copy of the approved rate agreement must be submitted. It should be noted that costs included in the indirect cost pool couldn't also be charged as direct costs. All requests for indirect charges are examined on a case-by-case basis, and may be funded in whole, in part, or not all depending on the procurement, source of funds and agency involved. Recognizing that not all agencies, particularly smaller ones, can request or obtain a federally-approved rate, other requests will be reviewed and considered if they are clearly substantiated, preferably by a third party, independent accounting professional, or as specifically allowed by the funding source.